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~~Mr. E. G. M.~~

**DOMINION AND ANGLO
INVESTMENT CORPORATION
LIMITED**

37th Annual Report

FOR THE YEAR ENDED APRIL 30, 1965

BOARD OF DIRECTORS:

HENRY R. JACKMAN, Q.C.

J. GERALD GODSOE, C.B.E., Q.C., LL.D.

HENRY N. R. JACKMAN.

HENRY E. LANGFORD, Q.C.

MALCOLM D. RICHARDSON.

R. M. MACINTOSH, PH.D.

OFFICERS:

HENRY R. JACKMAN, *President.*

HENRY E. LANGFORD, *Vice-President.*

HENRY N. R. JACKMAN, *Secretary.*

CECIL E. JOLLY, *Treasurer.*

Bankers:

THE BANK OF NOVA SCOTIA

Auditors:

PRICE WATERHOUSE & CO., TORONTO

Transfer Agent and Registrar:

EASTERN & CHARTERED TRUST COMPANY, TORONTO

DOMINION AND ANGLO INVESTMENT CORPORATION

LIMITED

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

Your Directors submit herewith their Thirty-Seventh Annual Report together with Audited Accounts for the year ended April 30, 1965.

Interest and dividends received amounted to \$504,748 compared with \$447,488 for the preceding fiscal year. After providing for expenses, interest and income taxes, the net income for the year amounted to \$292,235 compared with \$250,324 for the year ended April 30, 1964.

Regular quarterly dividends have been paid on the 5% Cumulative Preferred Stock, and a dividend of 43¢ per share on the no par value Common Stock was paid on April 30, 1965.

During the year your Directors elected to pay a tax of \$28,445 under Section 105(2) of the Income Tax Act on your Company's non tax-paid undistributed income at April 30, 1965. An issue of \$3,605,000 par value 6% Preferred shares was then issued to the Company's Common Shareholders at the rate of \$7.00 for each Common share outstanding. This distribution, which in the opinion of the Company is tax free in the hands of the Shareholders, was charged \$334,104 against Earned Surplus and \$3,270,896 against Capital Surplus. The entire issue of \$3,605,000 6% Preferred shares was redeemed forthwith.

An income tax adjustment applicable to previous years of \$27,255 was paid under protest and the assessment is now under appeal.

Changes in the investment holdings effected during the year resulted in surplus over book cost of \$1,266,782 as compared with \$637,209 for the year ended April 30, 1964. This amount has been transferred to Capital Surplus which after deducting amount capitalized on new 6% Preferred issue now stands at \$6,349,447 as compared with \$8,348,246.

Your Directors report that the net liquidating value of the Company's assets based on market quotations as of April 30, 1965, after deducting First Secured Bonds was \$17,819,094 compared with \$14,699,056 as of April 30, 1964. This amount was equivalent to \$1,781.91 behind each share of Preferred Stock as compared with \$1,469.91 as of April 30, 1964. After deducting the Preferred Stock at par and after the \$7.00 per share distribution referred to above, the liquidating value of the Common Stock was \$32.66 per share as compared with \$26.60 as of April 30, 1964. Shareholders' attention is directed to the Auditors' reference to the valuation of two of your Company's major holdings which at the fiscal year-end was less than the market value.

A Comparative Summary of the Company's progress since its inception appears on Page 7.

Respectfully submitted on behalf of the Board.

H. R. JACKMAN,
President.

July 9, 1965.

44 King Street West,
Toronto 1, Ontario.

DOMINION AND ANGLO INVESTMENT CORPORATION

LIMITED

BALANCE SHEET—APRIL 30, 1965

| ASSETS | LIABILITIES |
|---|---|
| INVESTMENTS, at or below cost: | BANK OVERDRAFT..... \$ 76,450 |
| (value based on market quotations as at April 30, 1965 amounted to \$20,700,000; in determining this valuation holdings of 10,000 shares in The Empire Life Insurance Company have been valued at \$500 each and holdings of 50,000 shares in Burns & Co. Limited have been valued at \$22 each)..... | DIVIDEND ON 5% PREFERRED STOCK, payable June 1, 1965..... 12,500 |
| \$10,669,654 | ACCOUNTS PAYABLE..... 2,000 |
| INCOME TAXES RECOVERABLE..... 2,194 | ACCRUED INTEREST ON BONDS..... 9,150 |
| | FIRST SECURED BONDS: |
| | Authorized—Additional bonds may be issued; each such issue must meet certain tests as to assets, earnings and deposits with the trustee |
| | 4% FIRST SECURED BONDS: |
| | 1955 Issue, to mature April 1, 1970— |
| | Issued..... \$3,000,000 |
| | Less—Redeemed and cancelled..... 217,000 |
| | 2,783,000 |
| | CAPITAL STOCK AND SURPLUSES: |
| | Capital stock (see Note) |
| | Preferred stock..... 1,000,000 |
| | Common stock..... 220,000 |
| | Distributable surplus (unchanged since 1935)..... 219,301 |
| | Capital surplus, per statement attached..... 6,349,447 |
| | Earned surplus, per statement attached..... — |
| | 7,788,748 |
| <u>\$10,671,848</u> | <u>\$10,671,848</u> |

APPROVED ON BEHALF OF THE BOARD:

H. R. JACKMAN, *Director*

H. E. LANGFORD, *Director*

Auditors' Report to the Shareholders of DOMINION AND ANGLO INVESTMENT CORPORATION LIMITED:

We have examined the books and accounts of Dominion and Anglo Investment Corporation Limited for the year ended April 30, 1965 and have obtained all the information and explanations which we required. We confirmed the balances at banks and verified the existence of the investments either by actual inspection or by certificates from the custodians.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the above balance sheet and statements of income and expenses, earned surplus and capital surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at April 30, 1965 and of the results of its operations for the year ended on that date, in accordance with accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, June 23, 1965.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

STATEMENT OF EARNED SURPLUS

FOR THE YEAR ENDED APRIL 30, 1965

(Accumulated net income from investments less dividends paid or provided for)

| | |
|--|----------------|
| Balance as at May 1, 1964..... | \$ 369,019 |
| Add—Net income for the year ended April 30, 1965..... | 292,235 |
| | <u>661,254</u> |
| DEDUCT: | |
| Dividends on 5% preferred stock..... | \$ 50,000 |
| Dividends on common stock..... | 221,450 |
| 15% tax paid under Section 105(2) of the Income Tax Act on balance of non tax-paid undistributed income at April 30, 1965..... | 28,445 |
| Amount capitalized on issue of 360,500,000 6% preferred shares as a stock dividend (see capital surplus)..... | 334,104 |
| Income tax adjustments applicable to prior years..... | 27,255 |
| | <u>661,254</u> |
| Balance as at April 30, 1965..... | <u>\$ —</u> |

STATEMENT OF CAPITAL SURPLUS

FOR THE YEAR ENDED APRIL 30, 1965

(Principally gains, less losses on realization of investments less amount capitalized on issue of stock dividend)

| | |
|--|--------------------|
| Balance as at May 1, 1964..... | \$8,348,246 |
| Add: | |
| Discount on purchase of \$80,000 4% First Secured Bonds, due April 1, 1970..... | \$ 5,315 |
| Capital gains, less losses, on realization of investments..... | 1,266,782 |
| | <u>1,272,097</u> |
| | 9,620,343 |
| Deduct: | |
| Amount capitalized on issue of 360,500,000 6% preferred shares as a stock dividend..... | 3,605,000 |
| Less—Applied against earned surplus..... | 334,104 |
| | <u>3,270,896</u> |
| Balance as at April 30, 1965 (including \$3,605,000 designated as capital surplus under Section 61 of the Companies Act on redemption during the year of 360,500,000 6% preferred shares)..... | <u>\$6,349,447</u> |

STATEMENT OF INCOME AND EXPENSES

FOR THE YEAR ENDED APRIL 30, 1965

INCOME:

| | |
|---|-----------|
| Interest and dividends received from investments..... | \$504,748 |
|---|-----------|

EXPENSES:

| | |
|---|-----------|
| Remuneration of executive officers..... | \$ 22,900 |
| Directors' fees..... | 6,000 |
| Other management expenses including rent, salaries and office expenses..... | 31,755 |
| | 60,655 |
| | 444,093 |

DEDUCT:

| | |
|--|------------------|
| Interest on bonds and bank overdrafts..... | 117,545 |
| Canadian and foreign income taxes..... | 34,313 |
| | 151,858 |
| <i>Net income for the year, carried to Earned Surplus.....</i> | <i>\$292,235</i> |

NOTE TO THE FINANCIAL STATEMENTS

Particulars of and changes during the year of capital stock are as follows:

PREFERRED STOCK—

5% cumulative redeemable preferred stock—

| | |
|---|--------------|
| Authorized—25,000 shares of \$100 each..... | \$ 2,500,000 |
| Issued and outstanding—10,000 shares..... | \$1,000,000 |

6% non-cumulative redeemable preferred shares—

| | |
|---|--------------|
| Authorized—1,000,000,000 shares of 1¢ each..... | \$10,000,000 |
|---|--------------|

During the year 360,500,000 shares were issued as a stock dividend and were subsequently redeemed at their par value of \$3,605,000; at April 30, 1965 these shares are held pending a formal reduction in capital.

COMMON STOCK—

| | |
|--|------------|
| Authorized—1,000,000 shares without nominal or par value | |
| Issued and outstanding—515,000 shares..... | \$ 220,000 |

DOMINION AND ANGLO INVESTMENT CORPORATION

LIMITED

FINANCIAL SUMMARY

| | 1965 | 1964 | 1959 | 1954 | 1949 | 1944 | 1939 | 1934 | 1929 |
|-------------------|------------|------------|------------|------------|------------|------------|------------|-----------|------------|
| Gross Income..... | \$ 504,748 | \$ 447,488 | \$ 454,635 | \$ 243,473 | \$ 197,240 | \$ 130,440 | \$ 105,193 | \$ 60,120 | \$ 131,482 |
| Net Income..... | 292,235 | 250,324 | 256,261 | 203,317 | 174,912 | 112,641 | 88,672 | 49,881 | 114,288 |

CAPITALIZATION

| | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Funded Debt..... | \$2,783,000 | \$2,863,000 | \$2,963,500 | | | | | | |
| Preferred Shares (a) 5% Cum. Par Value \$100.00 | 1,000,000 | 1,000,000 | 1,000,000 | \$1,000,000 | \$1,056,300 | \$1,249,500 | \$1,295,000 | \$1,400,000 | \$1,500,000 |
| Common Shares N.P.V. amount contributed | 1,120,000 | 1,120,000 | 1,120,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| | \$4,903,000 | \$4,983,000 | \$5,083,500 | \$2,000,000 | \$2,056,300 | \$2,249,500 | \$2,295,000 | \$2,400,000 | \$2,500,000 |

NET VALUE OF COMPANY'S ASSETS at Market

| | | | | | | | | | |
|-----------------------------------|-----------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Value less Bonds Outstanding..... | \$17,819,094(c) | \$14,699,056 | \$10,678,940 | \$5,934,359 | \$3,063,053 | \$2,250,325 | \$1,773,445 | \$1,487,525 | \$2,585,000 |
|-----------------------------------|-----------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|

LIQUIDATING VALUE

| | | | | | | | | | |
|-----------------|---------------|------------|------------|----------|----------|----------|----------|----------|----------|
| Preferred..... | \$1,781.91(c) | \$1,469.91 | \$1,067.89 | \$593.43 | \$289.98 | \$180.10 | \$136.94 | \$106.25 | \$172.33 |
| Common (b)..... | \$ 32.66(c) | \$ 26.60 | \$ 18.79 | \$ 9.87 | \$ 4.01 | \$ 2.00 | \$ 0.96 | \$ 0.175 | \$ 2.17 |

(a) After purchase in the market of preferred shares from time to time.

(b) Adjusted for 50-for-1 split on September 27, 1960.

(c) After payment and redemption of \$3,605,000 distributed to Common Shareholders during the year by way of Preferred Stock dividend.

